

PUBLIC SERVICE REGULATION

An Agency Profile Prepared by the
Legislative Fiscal Division

November, 2016



INTRODUCTION

The mission of the Public Service Regulation is to fairly balance the long-term interests of Montana utility and transportation companies and their customers.

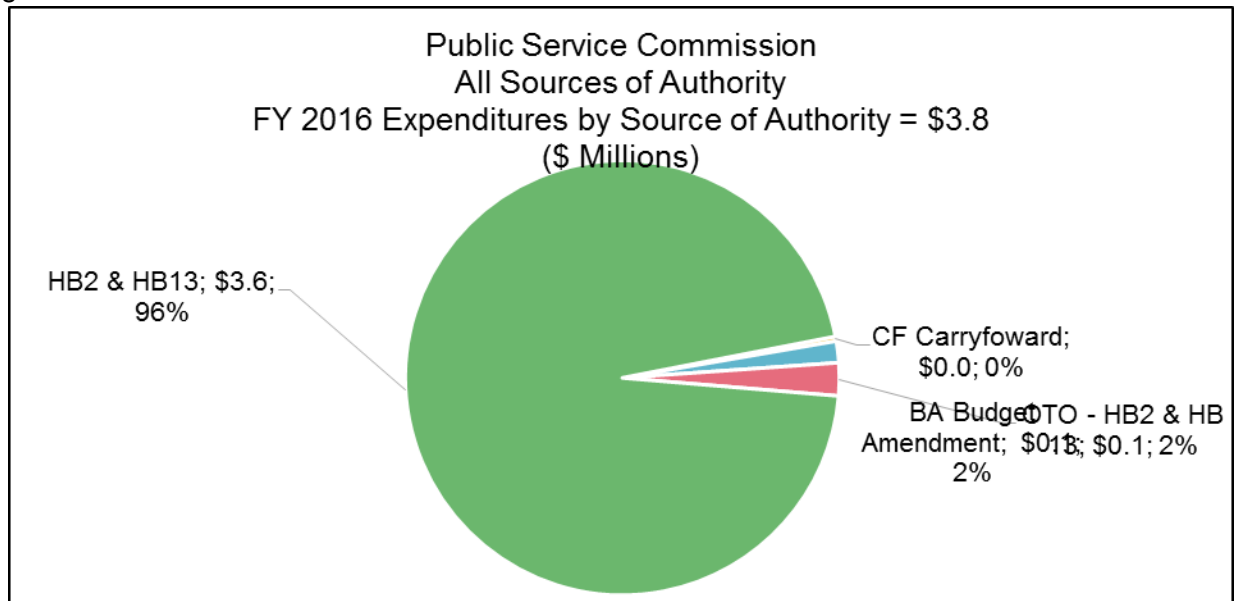
HOW SERVICES ARE PROVIDED

The Public Service Regulation (PSR) regulates the operations of public utility and transportation industries that operate in the state. Five commissioners, elected from districts throughout Montana, form the Montana Public Service Commission (PSC) that oversees the Public Service Regulation Program (PSR). Each commissioner serves a four-year term.

The PSR provides these services primarily through the employment of state employees, who perform rate and economic analysis relative to the entities regulated by the commission, and other technical and administrative duties.

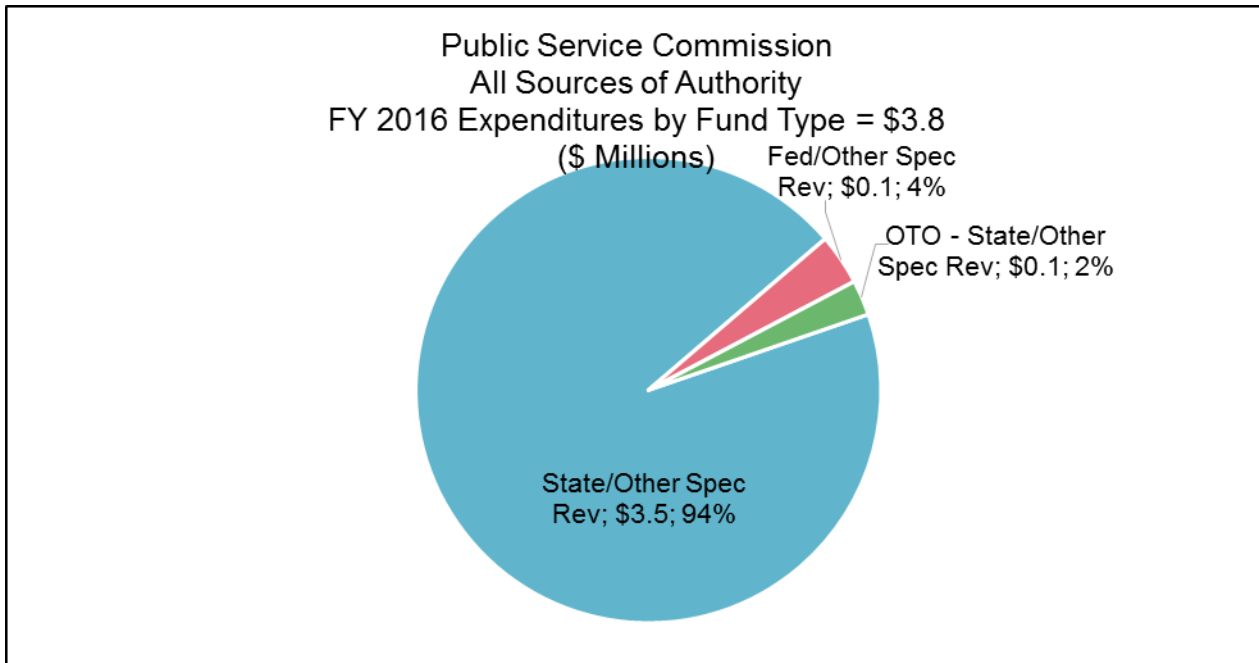
SOURCES OF SPENDING AUTHORITY

The following chart shows the sources of authority for the Public Service Commission. The majority of the funding comes from HB 2.

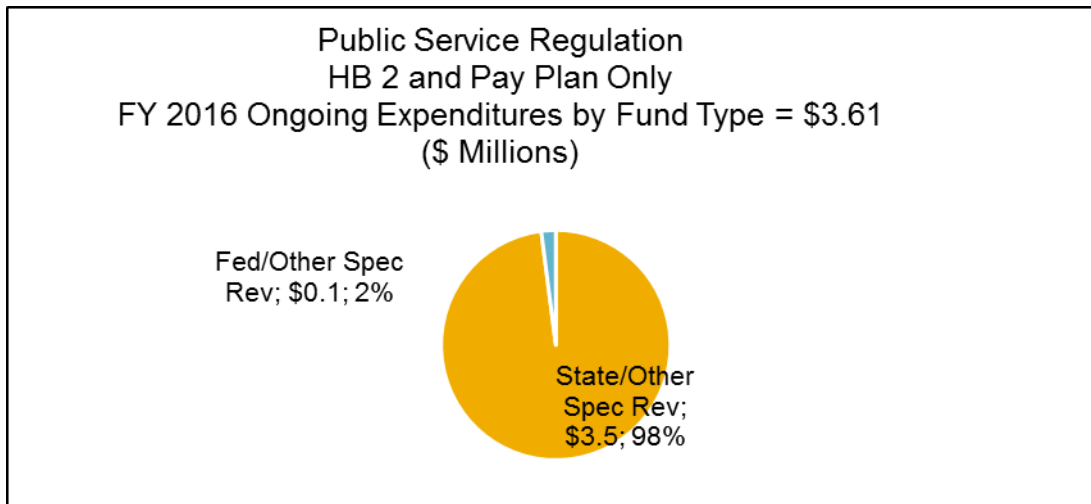


FUNDING

The PSR is funded primary with state special revenue with the main source a fee that is levied on regulated companies, based on funding appropriated by the legislature for a specific fiscal year. Fees are deposited directly into a state special revenue account (Section 69-1-402, MCA). Fees are based upon a percentage of the gross operating revenue from all activities regulated by the commission for the calendar quarter of operation. Federal funds support the natural gas safety program. The following chart shows how the PSC expenditures were funded in FY 2016 from all sources of authority by fund type.

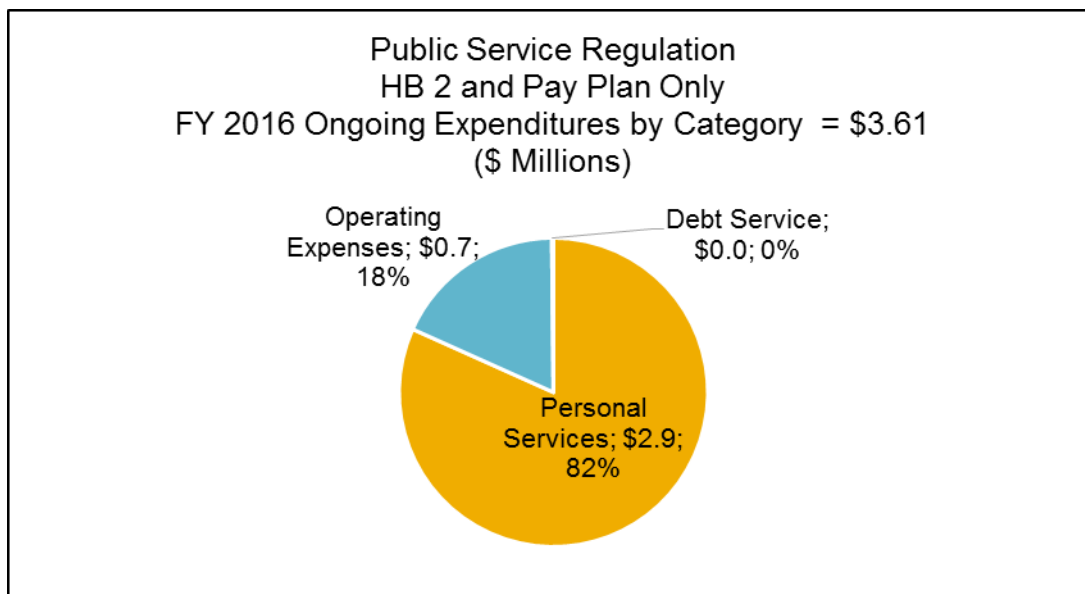


The chart below shows how PSC expenditures were funding in FY 2016 from HB2 and pay plan by fund type.



EXPENDITURES

The next chart explains how the HB2 and pay plan authority was spent in FY 2016.



HOW THE 2017 LEGISLATURE CAN EFFECT CHANGE

In order to change expenditure levels and/or agency activity, the legislature must address one or more of the basic elements that drive costs in the next section.

PSR costs are mainly driven by personal services and related operating costs. Without major adjustments to PSR duties, future growth can be expected to loosely follow that of legislatively approved increases for the employee pay plan and inflationary costs. PSR costs may also be impacted by changes in the statutory duties or the types of entities designated by the legislature for regulation by the commission.

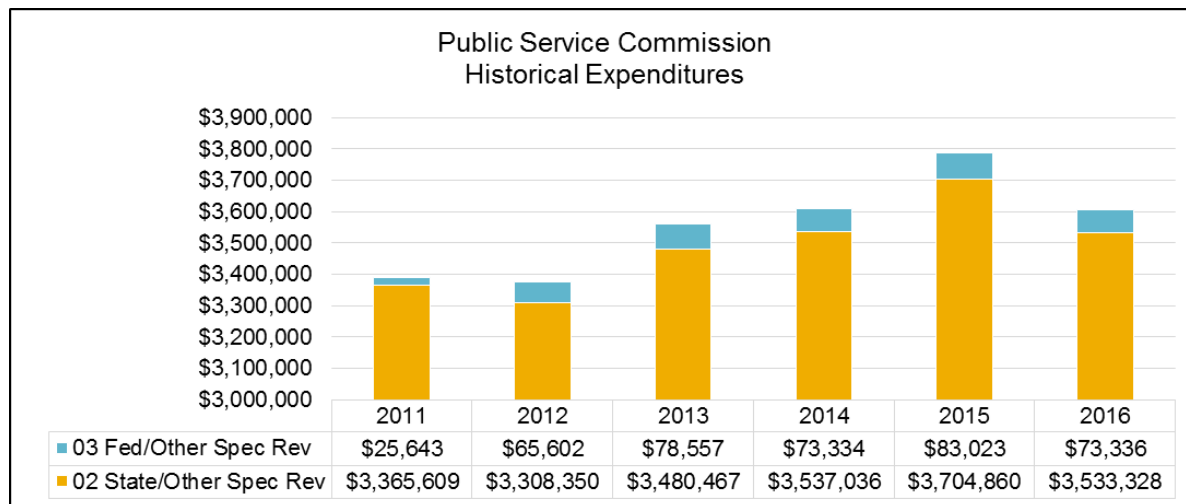
MAJOR COST DRIVERS

The major PSC cost drivers are shown on the following table.

Driver	FY 2006	FY 2016	Significance of Data
Number of utility dockets:			
Dockets opened	175	93	caseload impact
Dockets closed	118	45	caseload impact
Number of transportation dockets open:			
Docketed	32	54	caseload impact
Non-docketes	41	24	caseload impact
Number of complaints entered	1,114	1,021	consumer satisfaction
Number of calls received on toll-free line	10,778	3,942	consumer satisfaction

FUNDING/EXPENDITURE HISTORY, AUTHORITY USED TO ESTABLISH THE BUDGET BASE

The following table shows historical changes in the agency's base budget authority. Major changes are related to the level of state special revenue funded by the legislature to support PSC operations. State



special revenue increased in FY 2015 to fund retirement payouts of senior staff.

MAJOR LEGISLATIVE CHANGES IN THE LAST TEN YEARS

No major legislation was enacted that impacted the funding or expenditures of the PSR.

For more information please visit the agency website here: <http://www.psc.mt.gov/>.